

**TALEEM REIT FUND**  
**(A Closed End Real Estate Investment Traded Fund)**  
**(Managed by Saudi Fransi Capital Company)**

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**(UN-AUDITED)**  
together with  
**THE INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

**TALEEM REIT FUND**

(Managed by Saudi Fransi Capital Company)

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**CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

For the six-month period ended 30 June 2025

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## *Report on review of condensed interim financial information*

To the Unitholders and Fund Manager of  
Taleem REIT Fund

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Taleem REIT Fund (the "Fund") as of 30 June 2025 and the related condensed interim statements of comprehensive income, changes in equity attributable to the Unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### **PricewaterhouseCoopers**

Waleed A. Alhidiri  
License Number 559

7 August 2025

TALEEM REIT FUND  
(Managed by Saudi Fransi Capital Company)  
(All amounts in ﷲ unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		<b>As at 30 June 2025 (Un-audited)</b>	<b>As at 31 December 2024 (Audited)</b>
	<b>Notes</b>		
<b><u>ASSETS</u></b>			
Cash and bank balances	7	<b>1,400,664</b>	1,077,232
Murabaha deposit	8	<b>6,090,033</b>	8,150,805
Net investment in finance lease	9	<b>71,102,820</b>	71,759,615
Prepayments, receivables and other assets	10	<b>76,805,076</b>	76,198,333
Due from a related party	13	<b>137,618</b>	101,382
Investment properties, net	11	<b>697,032,994</b>	700,474,392
<b>TOTAL ASSETS</b>		<b>852,569,205</b>	857,761,759
<b><u>LIABILITIES</u></b>			
Management fee payable	13	<b>1,896,782</b>	1,922,952
Accrued expenses and other liabilities	12	<b>3,015,854</b>	7,893,951
Borrowings from a Bank	13, 14	<b>297,181,610</b>	298,259,324
<b>TOTAL LIABILITIES</b>		<b>302,094,246</b>	308,076,227
<b>Equity attributable to the Unitholders</b>		<b>550,474,959</b>	549,685,532
Units in issue - Numbers		<b>51,000,000</b>	51,000,000
<b>Equity per unit in Saudi Riyals – Book value</b>	19	<b>10.7936</b>	10.7781

The accompanying notes from 1 to 24 form an integral part of this condensed interim financial information.

TALEEM REIT FUND  
(Managed by Saudi Fransi Capital Company)  
(All amounts in ٬ unless otherwise stated)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)

	<i>Notes</i>	<i>For the six-month period ended 30 June 2025</i>	<i>For the six-month period ended 30 June 2024</i>
<b><u>INCOME</u></b>			
Income from investment properties	15	<b>30,790,273</b>	30,790,273
Finance lease income		<b>2,359,809</b>	2,402,935
Net gain from financial asset at FVTPL		<b>65,083</b>	-
Other income		<b>214,469</b>	-
<b>TOTAL INCOME</b>		<b>33,429,634</b>	33,193,208
<b><u>EXPENSES</u></b>			
Management fees	13	<b>(1,896,781)</b>	(1,902,049)
Custodian fees		<b>(137,343)</b>	(137,506)
Other expenses	16	<b>(394,590)</b>	(559,652)
<b>TOTAL EXPENSES</b>		<b>(2,428,714)</b>	(2,599,207)
Depreciation expense on investment properties	11	<b>(3,441,398)</b>	(3,355,000)
<b>PROFIT BEFORE FINANCE COST</b>		<b>27,559,522</b>	27,239,001
Finance cost	14	<b>(10,450,095)</b>	(11,746,878)
<b>NET INCOME BEFORE ZAKAT FOR THE PERIOD</b>		<b>17,109,427</b>	15,492,123
Zakat expenses		-	-
<b>NET INCOME AFTER ZAKAT FOR THE PERIOD</b>		<b>17,109,427</b>	15,492,123
OTHER COMPREHENSIVE INCOME		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>17,109,427</b>	15,492,123
<b>Earnings per unit</b>			
Weighted average units in issue		<b>51,000,000</b>	51,000,000
Earnings per unit (basic and diluted)		<b>0.3355</b>	0.3038

The accompanying notes from 1 to 24 form an integral part of this condensed interim financial information.

TALEEM REIT FUND  
(Managed by Saudi Fransi Capital Company)  
(All amounts in ﷲ unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE  
TO THE UNITHOLDERS (UN-AUDITED)

	<i><b>For the six-month period ended 30 June 2025</b></i>	<i><b>For the six-month period ended 30 June 2024</b></i>
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	<b>549,685,532</b>	549,808,260
<b>CHANGES FROM OPERATIONS</b>		
Total comprehensive income for the period	<b>17,109,427</b>	15,492,123
Income distributions during the period (Note 17)	<b>(16,320,000)</b>	(16,320,000)
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>550,474,959</b>	<b>548,980,383</b>

Transactions in units during the periods are summarised as follows:

	<i><b>For the six-month period ended 30 June 2025 Units</b></i>	<i><b>For the six-month period ended 30 June 2024 Units</b></i>
<b>UNITS AT THE BEGINNING AND END OF THE PERIOD</b>	<b>51,000,000</b>	51,000,000

The accompanying notes from 1 to 24 form an integral part of this condensed interim financial information.

**TALEEM REIT FUND**

(Managed by Saudi Fransi Capital Company)

(All amounts in ٬ unless otherwise stated)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**

		<i>For the six-month period ended 30 June 2025</i>	<i>For the six-month period ended 30 June 2024</i>
	<i>Notes</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income before zakat for the period		<b>17,109,427</b>	15,492,123
<i>Adjustment to reconcile net income to net cash generated from operating activities:</i>			
Depreciation expense on investment properties	11	<b>3,441,398</b>	3,355,000
Net gain from financial asset at FVTPL		<b>(65,083)</b>	-
Finance cost	14	<b>10,450,095</b>	11,746,878
Operating cash flows before working capital changes		<b>30,935,837</b>	30,594,001
<b>Changes in operating assets and liabilities:</b>			
Net investment in finance lease		<b>656,795</b>	604,961
Prepayments, receivables and other assets		<b>(606,743)</b>	(8,341,299)
Due from a related party		<b>(36,236)</b>	(180,844)
Management fee payable		<b>(26,170)</b>	2,187,356
Accrued expenses and other liabilities		<b>(4,878,097)</b>	(3,056,852)
<b>Net cash generated from operating activities</b>		<b>26,045,386</b>	21,807,323
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment measured at FVTPL		<b>(10,540,740)</b>	-
Sale of investment measured at FVTPL		<b>10,605,823</b>	-
<b>Net cash generated from investing activities</b>		<b>65,083</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	17	<b>(16,320,000)</b>	(16,320,000)
Finance cost paid	14	<b>(10,382,386)</b>	(11,431,886)
<b>Net cash used in financing activities</b>		<b>(26,702,386)</b>	(27,751,886)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(591,917)</b>	(5,944,563)
Cash and cash equivalents at the beginning of the period	7.1	<b>8,082,614</b>	6,497,565
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	7.1	<b>7,490,697</b>	553,002

The accompanying notes from 1 to 24 form an integral part of this condensed interim financial information.

## TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ﷲ unless otherwise stated)

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

#### 1. THE FUND AND ITS ACTIVITIES

Taleem REIT Fund (the “REIT” or the “Fund”) is a closed-ended Shariah compliant real estate investment traded fund established based on an agreement between Saudi Fransi Capital Company (the “Fund Manager” or “BSF Capital”) and investors (the “Unitholders”). The Fund seeks to invest in income generating real estate assets in the education and training sector. The Fund commenced its operations on 4 Ramadan 1438H (corresponding to 30 May 2017) (“Commencement Date”), which is the first day of the listing of Taleem REIT Fund on the Saudi Stock Exchange (“Tadawul”). The address of the Fund Manager is as follows:

Saudi Fransi Capital Company  
P.O. Box 12313  
Riyadh 3735  
Kingdom of Saudi Arabia

The duration of the Fund is ninety-nine years from the date of commencement of operations and may be extended for a similar period after the approval of the Fund’s Board and the Capital Market Authority (“CMA”).

The terms and conditions of the Fund have been approved by the CMA on 12 Sha’aban 1438H (corresponding to 8 May 2017). The terms and conditions have been updated on 15 Rabi’ II 1445H (corresponding to 30 October 2023).

KASB Capital is the Custodian for the Fund.

As the Fund is not legally permitted to own real estate properties in the Kingdom of Saudi Arabia, accordingly, the Custodian has established the following special purpose vehicles (“SPV”) to hold the titles of the properties for the benefit of the Fund without any controlling interest in the assets.

<b>Name</b>	<b>Commercial registration number</b>	<b>Date</b>	<b>Location</b>
Rabwa Taleem Real Estate Company	1010710556	21 May 2017	Riyadh, Saudi Arabia
Raj Three Company Limited	1010898470	19 October 2017	Riyadh, Saudi Arabia

#### 2. REGULATORY AUTHORITY

The Fund is governed by the Real Estate Investment Fund Regulations (REIFR) (the “Regulations”) issued by the Board of CMA pursuant to its Resolution Number 1 - 913 - 2006 on 19 Jamada Al-Akhirah 1427 (corresponding to 15 July 2006) and new amendment number 2-22-2021 by resolution of the Board of the CMA on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding 1 May 2021) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all real estate investment funds within the Kingdom of Saudi Arabia. During the period ended 30 June 2025, CMA has issued another amendment to the regulation via amendment number 1-54-2025 issued on 23 Dhul Qidah 1446H (corresponding to 21 May 2025) which is effective subsequent to the period ended 30 June 2025, from 14 Muharram 1442H (corresponding 9 July 2025).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
For the six-month period ended 30 June 2025

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements; therefore, these should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2024. The results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

Assets and liabilities in the condensed interim statement of financial position are presented in the order of liquidity.

**3.2 BASIS OF MEASUREMENT**

This condensed interim financial information is prepared under the historical cost convention, using the accrual basis of accounting.

**3.3 FUNCTIONAL CURRENCY**

This condensed interim financial information is presented in Saudi Riyal, which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest Saudi Arabian Riyal (“ﷲ”)

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND RISK MANAGEMENT POLICIES**

The significant accounting estimates and risk management policies used in the preparation of this condensed interim financial information is consistent with those used and disclosed in the financial statements for the year ended 31 December 2024 other than as mentioned in Note 6.

**5. MATERIAL ACCOUNTING POLICIES**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

***Going concern***

Fund Manager made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt about the Fund’s ability to continue as a going concern. Therefore, this condensed interim financial information continues to be prepared on the going concern basis.

**TALEEM REIT FUND**

(Managed by Saudi Fransi Capital Company)

(All amounts in ₪ unless otherwise stated)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

For the six-month period ended 30 June 2025

**6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS****New standards, interpretations and amendments adopted by the Fund**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2025. Fund Manager has assessed that the amendments have no impact on the Fund's financial information.

<b>Standard, interpretation and amendments</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
Amendment to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025

# TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ٬ unless otherwise stated)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

### 6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

#### New Standards, interpretations and amendments not yet effective and not early adopted

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. These amendments and standards except IFRS 18 are not expected to have any significant impact on the financial information of the Fund.

Standard, interpretation and amendments	Description	Effective from periods beginning on or after
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: <ul style="list-style-type: none"> <li>clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> <li>make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</li> </ul>	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: <ul style="list-style-type: none"> <li>IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>IFRS 9 Financial Instruments;</li> <li>IFRS 10 Consolidated Financial Statements; and</li> <li>IAS 7 Statement of Cash Flows.</li> </ul>	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

## TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ٬ unless otherwise stated)

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

#### 7. CASH AND BANK BALANCES

	<i>As at 30 June 2025 (Un-audited)</i>	<i>As at 31 December 2024 (Audited)</i>
Bank balances with Banque Saudi Fransi	<b>1,400,664</b>	1,077,232

Fund Manager has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss ("ECL") allowance against the carrying value of cash and cash balances is insignificant as the balances are held with an investment grade credit rated financial institution and therefore no ECL has been recognised in this condensed interim financial information.

#### 7.1 CASH AND CASH EQUIVALENTS

	<i>As at 30 June 2025 (Un-audited)</i>	<i>As at 31 December 2024 (Audited)</i>
Bank balances with Banque Saudi Fransi	<b>1,400,664</b>	1,077,232
Murabaha deposits (note 8)	<b>6,090,033</b>	8,150,805
Bank overdraft	-	(1,145,423)
	<b>7,490,697</b>	8,082,614

#### 8. MURABAHA DEPOSIT

As at 30 June 2025, Murabaha deposit represents the amount invested by the Fund in a local commercial bank with an original maturity of less than 90 days and carries a profit rate ranging from of 3.5% to 4.7%. The deposit will mature in July 2025 (31 December 2024: the deposit carried profit rate of 3.9% and matured in January 2025).

Fund Manager has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss ("ECL") allowance against Murabaha deposits is insignificant as the balances are held with an investment grade credit rated financial institution and therefore no ECL has been recognised in this condensed interim financial information.

# TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ٢ unless otherwise stated)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

### 9. NET INVESTMENT IN FINANCE LEASE

	<i>As at 30 June 2025 (Un-audited)</i>	<i>As at 31 December 2024 (Audited)</i>
<i>a) Net investment in finance lease consists of:</i>		
Gross investment in finance lease (see (b) below)	<b>127,243,493</b>	130,260,105
Less: Unearned finance income (see (c) below)	<b>(56,140,673)</b>	(58,500,490)
	<b><u>71,102,820</u></b>	<u>71,759,615</u>
<i>b) The future minimum lease payments to be received consist of:</i>		
Within one year	<b>6,380,701</b>	6,380,702
After one year but not more than five years	<b>25,347,077</b>	25,037,874
Five years onwards	<b>95,515,715</b>	98,841,529
	<b><u>127,243,493</u></b>	<u>130,260,105</u>
<i>c) The maturity of unearned finance income is as follows:</i>		
Within one year	<b>(5,032,852)</b>	(5,075,952)
After one year but not more than five years	<b>(19,630,418)</b>	(17,921,524)
Five years onwards	<b>(31,477,403)</b>	(35,503,014)
	<b><u>(56,140,673)</u></b>	<u>(58,500,490)</u>

The finance lease represents the building of the Tarbiah Islamiah School (refer note 11 (d)).

Fund Manager has conducted a review as required under IFRS 9, based on the assessment, the Fund Manager believes that there is no need for any significant impairment loss against the carrying value of net investment in finance lease at the reporting date.

### 10. PREPAYMENTS, RECEIVABLES AND OTHER ASSETS

	<i>As at 30 June 2025 (Un-audited)</i>	<i>As at 31 December 2024 (Audited)</i>
Rent receivable ( <i>refer note (a) below</i> )	<b>76,509,599</b>	46,477,391
Rent receivable from related party ( <i>refer note (a) &amp; note 13</i> )	-	28,025,888
VAT receivable – input tax	-	1,695,054
Prepaid expenses	<b>295,477</b>	-
	<b><u>76,805,076</u></b>	<u>76,198,333</u>

(a) This represents the difference between the accumulated rental income recognised till the reporting date (after taking into account contractually agreed future rent escalations) and the accumulated amount of rent receivable under the contract as at the reporting date.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
For the six-month period ended 30 June 2025

**11. INVESTMENT PROPERTIES, NET**

	<b>30 June 2025</b> <b>(Un-audited)</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
At the beginning of the period	<b>450,993,865</b>	<b>277,984,111</b>	<b>728,977,976</b>
<b>Accumulated depreciation:</b>			
At the beginning of the period	-	<b>(28,503,584)</b>	<b>(28,503,584)</b>
Charged during the period	-	<b>(3,441,398)</b>	<b>(3,441,398)</b>
At the end of the period	-	<b>(31,944,982)</b>	<b>(31,944,982)</b>
Net book value	<b>450,993,865</b>	<b>246,039,129</b>	<b>697,032,994</b>
	<b>31 December 2024</b> <b>(Audited)</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
At the beginning of the year	450,993,865	277,984,111	728,977,976
<b>Accumulated depreciation:</b>			
At the beginning of the year	-	(22,324,963)	(22,324,963)
Charged during the year	-	(6,178,621)	(6,178,621)
At the end of the year	-	(28,503,584)	(28,503,584)
<b>Accumulated impairment:</b>			
At the beginning of the year	-	(51,597)	(51,597)
Reversal of impairment during the year*	-	51,597	51,597
At the end of the year	-	-	-
Net book value	450,993,865	249,480,527	700,474,392

\* Impairment reversal on property valuation occurred due to significant improvement in market conditions and demand, leading to an increase in the property's fair value.

## TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ﷲ unless otherwise stated)

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

#### 11. INVESTMENT PROPERTIES, NET (CONTINUED)

The investment properties represent following acquired properties:

- a) The Fund has leased the premises of four schools (Hitteen Branch Riyadh, Al Malqa Branch Riyadh, Al Narjis Branch Riyadh, and Aleshraq Branch Dammam) to Al Khaleej Education and Training Co. for ﷲ159.6 million (excluding transaction costs), acquired on 13 February 2022 (12 Rajab 1443). The properties are registered under Rabwa Taleem Real Estate Company, owned by KASB Capital, serving as the Fund's custodian. Spanning a total of 19,423 square meters, these assets are designated as investment properties by the Fund. The Fund was financed through a facility provided by Banque Saudi Fransi, a related party.
- b) The Fund has leased a property to Al Ghad National School, acquired for ﷲ94.3 million (excluding transaction costs) on 29 June 2020 (08 Dhul-Qadah 1441). This property is registered under Rabwa Taleem Real Estate Company. Located in the King Abdullah District of Riyadh City on Al-Uruba Street, the property encompasses 11,282.58 square meters of land with a total built-up area of 17,908.28 square meters. The Fund has designated it as an Investment Property. The Fund was financed through a facility from Banque Saudi Fransi, a related party.
- c) The Fund has entered into a lease agreement with Al Rwad International School for a property, which was acquired in exchange for ﷲ225 million worth of Fund units at ﷲ10 per unit on 26 September 2018 (16 Muharram 1440). The property is registered under Raj Three Company Limited. Located in the Alnuzha district of Riyadh City, the property spans 30,000 square meters. It has been designated by the Fund as an Investment Property.
- d) The Fund has leased a property to Al Tarbiah Islamiah School (TIS), acquired for ﷲ250 million in Fund units at ﷲ10 per unit on 25 May 2017 (29 Shaban 1438). This property is owned by Rabwa Taleem Real Estate Company. Located in the Umm-al-Hamam district of Riyadh City, on AlTakhassusi Street, the property spans 45,666.94 square meters. The previous owners, Ahmed Al Rasheed and Sons Holding Company, retain 24.84% of the Fund's total units (2024: 24.84%). The Fund categorizes the land as an Investment Property and the building as net investment in finance lease.

#### 12. ACCRUED EXPENSES AND OTHER LIABILITIES

	<b>As at 30 June 2025 (Un-audited)</b>	<b>As at 31 December 2024 (Audited)</b>
Advanced lease payments	<b>2,281,885</b>	5,502,902
Accrued expenses	<b>381,428</b>	2,224,389
VAT payable output tax	<b>181,567</b>	-
Custody fee payable	<b>137,127</b>	154,060
Audit fee payable	<b>33,847</b>	12,600
	<b><u>3,015,854</u></b>	<b><u>7,893,951</u></b>

#### 13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Fund Manager, Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds' Board of Directors (BoD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the Unitholders of the Fund.

**TALEEM REIT FUND**

(Managed by Saudi Fransi Capital Company)

(All amounts in ٬ unless otherwise stated)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

For the six-month period ended 30 June 2025

**13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

In the ordinary course of its activities, the Fund transacts business with related parties.

Related party transactions for the periods ended and balances at reporting date are as follows:

<b>Related Party</b>	<b>Nature of transactions</b>	<b>Amount of transactions</b>		<b>Balances receivables / (payables)</b>	
		<b>For the six-month period ended 30 June 2025 (Un-audited)</b>	<b>For the six-month period ended 30 June 2024 (Un-audited)</b>	<b>As at 30 June 2025 (Un-audited)</b>	<b>As at 31 December 2024 (Audited)</b>
Fund manager	Asset management fees	<b>(1,896,781)</b>	(1,902,049)	<b>(1,896,781)</b>	(1,922,952)
	Compensation of charges	-	-	<b>137,618</b>	101,382
Board of Directors	Board fees to independent board members	<b>(19,835)</b>	(20,000)	<b>(19,835)</b>	-
Al Badr Murabaha Fund – SAR (Managed by Fund Manager)	Investment at FVPTL sold	<b>10,605,823</b>	-	-	-
	Purchase of investment at FVPTL	<b>10,540,740</b>	-	-	-
	Income earned from investments at FVTPL	<b>65,083</b>	-	-	-
Unitholders (note a below)	Rental income	-	10,963,119	-	28,025,888
	Net investment in finance lease	-	-	-	71,759,615
	Finance lease income	-	2,402,935	-	-
Banque Saudi Fransi	Borrowing from Bank	<b>717,730</b>	-	<b>(297,181,610)</b>	(298,259,324)
	Management fee on loan facility	<b>127,961</b>	127,961	-	-
	Borrowing fee / roll over charges on loan facility	<b>41,927</b>	34,336	-	-
	Finance cost charge	<b>(10,450,095)</b>	(11,746,878)	-	-
	Finance cost paid	<b>(11,527,809)</b>	(11,431,886)	-	-
	Murabaha deposits	-	-	<b>6,090,033</b>	8,150,805
	Income from Murabaha deposits	<b>55,035</b>	-	-	-
	Cash balance	-	-	<b>1,400,664</b>	1,077,232

a) The sponsor unitholder of the Fund namely: Ahmed Al Rasheed and Sons Holding Company was a significant shareholder of the Company that owns Tarbiah Islamiah School. Accordingly, the income and related assets in lieu of the lease agreement with Tarbiah Islamiah School were disclosed under related party transactions till 31 December 2024

# TALEEM REIT FUND

(Managed by Saudi Fransi Capital Company)

(All amounts in ٬ unless otherwise stated)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2025

### 14. BORROWING FROM A BANK

This represents Islamic mode of financing obtained from a local bank (Banque Saudi Fransi) utilised to finance the acquisition of the properties as detailed note 11 to this condensed interim financial information. The Islamic financing involves the sale and purchase of commodities with the bank as per mutually agreed terms. The Fund obtained financing at an average rate of return of Saudi Interbank Offer Rate (SIBOR) plus the bank's commission. The Fund is to repay the principal in one bullet payment on 30 June 2027. The loan has been obtained in the name of Rabwa Taleem Real Estate Company.

All the title deed has been mortgaged and is being held as a collateral against the Bank borrowing.

	<b>As at 30 June 2025 (Un-audited)</b>	<b>As at 31 December 2024 (Audited)</b>
Balance at the beginning the period / year	<b>298,259,324</b>	297,314,597
Overdraft facility (paid)/received during the period / year (refer note 7)	<b>(1,145,423)</b>	1,145,423
Unamortised facility fees during the period / year	-	(902,090)
Accrued profit during the period / year	<b>10,450,095</b>	23,313,604
Profit paid during the period / year	<b>(10,382,386)</b>	(22,612,210)
<b>Balance at the end the period / year</b>	<b>297,181,610</b>	298,259,324

### 15. INCOME FROM INVESTMENT PROPERTIES

	<b>For the six- month period ended 30 June 2025 (Un-audited)</b>	<b>For the six- month period ended 30 June 2024 (Un-Audited)</b>
Lease rental income on investment properties	<b>30,790,273</b>	30,790,273

The operating lease relates to land of Tarbiah Islamiah School, land and building of Al Rwad International School, Al Ghad National School, Al Khaleej Education and Training Co. Hitteen Branch, Al Khaleej Education and Training Co. Al Malqa Branch, Al Khaleej Education and Training Co. Al Narjis Branch, Al Khaleej Education and Training Co. Al Eshraq Branch. The leases provide for tenants to pay the base rent, with provisions for contractual increases in base rent over the term of the leases.

Future rental commitments (to be received) at period / year end, under the operating leases is as follows:

	<b>As at 30 June 2025 (Un-audited)</b>	<b>As at 31 December 2024 (Audited)</b>
Not later than one year	<b>59,250,422</b>	59,084,738
Later than one year and less than five years	<b>250,076,816</b>	246,595,748
Later than five years	<b>771,052,628</b>	804,123,048
	<b>1,080,379,866</b>	1,109,803,533

**TALEEM REIT FUND**  
(Managed by Saudi Fransi Capital Company)  
(All amounts in ﷲ unless otherwise stated)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
For the six-month period ended 30 June 2025

**16. OTHER EXPENSES**

	<i><b>For the six-month period ended 30 June 2025 (Un-audited)</b></i>	<i><b>For the six-month period ended 30 June 2024 (Un-audited)</b></i>
Registrar fee	<b>218,356</b>	198,907
Listing fee	<b>83,310</b>	84,584
Audit fee	<b>33,847</b>	89,320
Insurance expense	<b>15,704</b>	63,456
Others	<b>43,373</b>	123,385
	<b>394,590</b>	559,652

**17. DIVIDEND DISTRIBUTION**

During the period, the Fund has paid dividends amounting to ﷲ16.32 million (2024: ﷲ16.32 million). The dividend per unit amounted to ﷲ0.32 per unit (30 June 2024: ﷲ0.32 per unit).

Subsequent to the period-end on 7 July 2025, Fund Manager announced the distribution of cash dividend to the Unitholders of the Fund for the period from 3 Shawwal 1446H (corresponding to 1 April 2025) to 5 Muharram 1447H (corresponding to 30 June 2025) amounting to ﷲ8.16 million (ﷲ0.16 per unit) (2024: ﷲ8.16 million (ﷲ0.16 per unit)).

**18. FAIR VALUE OF ASSETS AND LIABILITIES**

The fair value of investment properties is ﷲ965 million (2024: ﷲ955 million) carried at Level 3. The Fund believes that the fair value of all financial assets and liabilities is approximately equal their carrying value.

**19. EFFECT OF NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED**

The Fund opted to use the cost method for its investment properties in these financial statements. In accordance with Article 36 of the Real Estate Investment Funds Regulations issued by CMA in the Kingdom of Saudi Arabia, Fund Manager evaluates the Fund's assets based on an average of two evaluations prepared by independent valuers. Accordingly, the fair value below is disclosed for information purposes and has not been accounted for in the Fund's books unless in case of impairment.

The valuation of the investment properties (the "properties") is carried out by Saudi Asset Valuation Company (Tathmeen) and Abaad & Partner for Real Estate Valuation Company. These two valuers are licensed by the Saudi Authority for Accredited Valuers ("TAQEEM"). Fund Manager has used the average of the two valuations for the purpose of disclosing the fair value of the properties. The properties were valued taking into consideration of several factors, including the area and type of properties, and valuation techniques using significant unobservable inputs, including the land plus cost method, residual value method and the discounted cash flow method.

**TALEEM REIT FUND**  
(Managed by Saudi Fransi Capital Company)  
(All amounts in ٬ unless otherwise stated)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
For the six-month period ended 30 June 2025

**19. EFFECT ON NET ASSET VALUE IF INVESTMENT PROPERTIES ARE FAIR VALUED (CONTINUED)**

Below is an analysis of the properties fair value versus cost:

	<i><b>As at 30 June 2025 (Un-audited)</b></i>	<i><b>As at 31 December 2024 (Audited)</b></i>
Estimated fair value of investment properties	<b>965,360,500</b>	954,562,500
Book value of investment properties	<b>(697,032,994)</b>	(700,474,392)
Estimated fair value surplus relative to book value	<b>268,327,506</b>	254,088,108
Units in issue (numbers)	<b>51,000,000</b>	51,000,000
Per unit value impact from excess of investment properties' estimated fair value over book value	<b>5.2613</b>	4.9821

**Equity value**

	<i><b>As at 30 June 2025 (Un-audited)</b></i>	<i><b>As at 31 December 2024 (Audited)</b></i>
Equity as per the condensed interim financial information	<b>550,474,959</b>	549,685,532
Estimated fair value surplus relative to book value	<b>268,327,506</b>	254,088,108
Equity based on fair valuation of investment properties	<b>818,802,465</b>	803,773,640

**Equity value per unit**

Equity per unit as per the condensed interim statement financial position	<b>10.7936</b>	10.7781
Per unit value impact from excess of investment properties' estimated fair value over book value	<b>5.2613</b>	4.9821
Equity value per unit based on fair valuation of investment properties	<b>16.0549</b>	15.7602

The Fund's investment in the building of Tarbiah Islamiah School has been classified as a finance lease in accordance with IFRS as endorsed in Kingdom of Saudi Arabia. The fair value of the net investment in finance lease has been determined based on the market special commission rates. As of the reporting date, the carrying value of the net investment in finance lease approximates its fair value.

**20. SEGMENT INFORMATION**

The Fund is organised into one operating segment (Educational Institutions). Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment.

**21. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at 30 June 2025 against the Fund or the Fund Manager which could have an impact on the condensed interim financial information of the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
For the six-month period ended 30 June 2025

**22. SUBSEQUENT EVENTS**

Subsequent to the period end, Fund Manager has announced the distribution of cash dividend. (refer Note 17).

**23. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of this condensed interim financial information for the six-month period ended was 30 June 2025 (2024: 31 December 2024).

**24. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION**

This condensed interim financial information was approved and authorised for issue by the Fund Board on 5 August 2025 (corresponding to 11 Safar 1447H).